DEWAN-PRESIDENT'S STATEMENT.

Mr. Resident and Fellow Members of the Travancore Legislature,

It is now my privilege as it is my duty to make a statement under Rule 68 (4) of the Legislative Rules, summing up the position and forecasting the future. With this budget I complete seven years of my handling of the resources of this State, and I shall have been working, with the end of this year, at eight budgets. It has been well pointed out that, on account of that solicitude for the welfare of his subjects and that great and good fortune which have always attended the efforts of our Gracious Sovereign, the revenues have mounted from year to year, so that the income of the State which was 249 lakhs of rupees when I began to deal with the finances of this State, is now 375 lakhs of rupees; and, next year, according to a very conservative calculation, the revenue is estimated at 385 lakhs of rupees, though in reality, as I shall very presently show, it will be some considerable amount over four crores. Our expenditure has also gone up, but has not mounted to what may be called proportionate heights because of the difficulty of procuring materials and machinery. In order to summarise the position a little more fully than can be attempted in a normal budget speech, I shall give you certain figures. But before I do so, it gives me very great pleasure to congratulate the Financial Secretary upon the clarity and the succinctness of his report and upon the meticulous handling of our revenues and the scrutinising of our expenditure which we have now learnt to associate with the present Financial Secretary. My indebtedness to him and the obligation that I am under with regard to the helpful guidance in all matters of difficulty must be expressed by me openly, and I propose to do so just now and state that, so far as I can see, it was impossible to deal better with our income and expenditure than in the manner in which they have been handled by the Financial Secretary.

Analysing these figures, we find that, according to the revised estimates, our revenue for the current year 1118 will be Rs. 375·41 lakhs, and the expenditure will be Rs. 294·57 lakhs with a surplus of Rs. 80·84 lakhs. It may well be asked why it is that we are accumulating surplus and why we are levying more taxation in order to augment this high surplus. I think it is as well that I should clear the position immediately and I may say at once that our policy is essentially anti-inflationary.

But before I embark upon the question of inflation and deflation and the steps which we are taking to surmount the future difficulties that may be anticipated, let me take a survey of the world position, as it would be pertinent to the remarks which I shall permit myself to make. It is a matter for the most profound gratefulness to Providence and for sincere congratulation that at the present moment, differently from what was the state of affairs last year, we are able to see before our eyes, that Sicily is being actively invaded. The second front in

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Europe to which so much attention was paid and which was so clamorously asked for, has really been opened. The resistance of the Russians has now transformed itself into an offensive against the enemy. Steps are being taken, at all events we trust and hope so, for the reconquest of Burma and for the rehabilitation of the Far East, in order that normal life may become again possible in the continent or sub-continent of India. At the same time, as has been frequently emphasised, we are now at the lull before the storm, before the actual invasion of Burma. Such an invasion is bound to be attended with some kind of revengeful action and we cannot, therefore, be sure that we shall surmount our difficulties without hazardous adventures and attendant risks but it can certainly be stated, without cavil or contradiction, that the tide has turned and is flowing with irresistible speed and intensity. Let us all be thankful to Providence for this posture of affairs.

How has the tide been turned? It is a matter for sincere satisfaction that, in the process of so turning the tide, our Indian army has played a distinguished part. If the Indian army had been organised earlier and more comprehensively, if it had been organised better, if there had been more foresight in the country, if there had been no false sentimentalities, we should have had, not merely Indian Captains and Majors but Indian Generals and Field-Marshals. The position at present to a man like myself with forty years of public life behind him is a matter of some self-reproach, because, amongst others, I was responsible for conducting the campaign for the reduction of military expenditure and as some say, for treading too dangerously in the foot-steps of Mr. Neville Chamberlain and Mr. Baldwin. We have erred in the past, but let us not sin like that in future. It is a matter of satisfaction, as I have said, that the Indian army has helped in the reconquest of Africa. The reconquest of Africa means inevitably the opening of the Mediterranean Sea, and the opening of the Mediterranean Sea means the rehabilitation of the old trade routes and the guarantee of supplies of machinery at least for war industries and all that is necessary for the great industrialisation of India. People are talking in this country of political problems, Pakistan, Dravidastan, Akhand Hindustan and all that. Politics may be all right. But the problem of the future is that of the returned soldier, of the men who have fought for their King and their country, who will return not for semi-starvation, not for frustration, not for that economic dependence and servility which was their unfortunate lot before they went into the army. Perhaps, before the end of the war, there will be about 2 to 3 million people who have seen the West and the East, who have measured their strength with the so-called irresistible Nazi might as well as with the Japanese. They will come back and you have to find a footing for them. Are you going to rehabilitate their condition? Unless and until you and I find out a living for them, they will solve the problem for themselves without asking "by your leave". Let us remember that. Let us shape our programme so that that problem may be confronted and surmounted aright.

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Notwithstanding the difficulty of the political situation elsewhere in India, we in Travancore,—thanks to the policy of sternness where sternness was called for and conciliation where conciliation was required, initiated by His Highness,—are happily free from any political trouble. As I said recently it is to me a matter of infinite pride that in spite of the food conditions of to-day, in spite of the tightening of the belt which is taking place to-day, the people of the State, with heroic fortitude and a patience which is beyond praise, are acquitting themselves with great calmness. That I ascribe to their innate loyalty to His Highness the Maharaja and also to a sense of discipline of the people at large in facing the problems of the world. All honour to them! The internal situation has been indeed so quiet that I am able to announce this morning that all political prisoners and detenus are being released to-day (*Mr. Kochikal P. Balakrishnan Tampi*: *hear, hear.*) including Messrs. T. M. Varghese, M. N. Govindan Nair, David V. George, G. Sridhar, Mahomed Basheer, T. V. Joseph, Pattom Thanu Pillai, K. P. Janardhanan Nair and P. K. Karunakaran. As a result there are no detenus left in the State under detention. There are no persons detained without trial, but there are a certain number in prison who will continue to be there because they were guilty of acts of violence and have been sentenced by courts of law. To them the relaxations do not apply.

Now, there are a certain number of persons who call themselves Communists, who were kept under surveillance and who have been proceeded against; and in order that the position of this Government might be clearly formulated, I would, with your leave, invite your attention to the proceedings of the South African Assembly regarding the activities of the Communists. Mr. H. G. Lawrence, Minister of the Interior, admitted that there were certain persons who were exploiting the Soviet Union's participation in the war for their own ends and that some of them have been interned. The attitude of this Government towards Communists is as follows. A number of these Communists met me in Madras; a group of them met me in Bombay; some in Delhi; a deputation waited on me in Travancore. They said that unlike the other political parties, they were in favour of this war and that as a consequence they wanted to help Government in regard to the food problem. They said, "Why don't you give to us full co-operation, the same kind of co-operation that is demanded of the public?". Accordingly a certain amount of latitude was given to them. The first thing they did however was to go about the country and incite the people by telling them that as at present constituted, the Government is not only not doing but incapable of doing any justice to the food situation and unless there is an immediate change of Government, this starvation would go on and will be accentuated. They also said that their work was mainly war work which was not being properly attended to, because this is not a people's Government and that the people have not been handed the reins of administration. Recent

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events have shown that many of these offers were not genuine and that the food situation was utilised as a means of violent and subversive propaganda. Communism that is prevalent in Russia is not like the communism that is sometimes preached here. In Russia it means a kind of concentrated and regimented effort by a great and growing population to meet all risks and all hazards, to eliminate self, and to make the State a one pointed symbol and effective organ of public welfare. That is all right. But if the congressmen of yesterday, or the State congressmen of the day before yesterday go about the country and preach all kinds of subversive theories, professing themselves Communists, such men will be proceeded against. They will be judged by their actual work and not by their profession or label. Albeit it is one of the revelations of the world that Russia has, in pursuance of a negative dialectic philosophy, made itself probably the best organised country of the world to-day and notwithstanding the affiliation of Communists so called with those policies, they will be judged by what they do in the country-side and not by the achievement of the Soviet Union.

I now proceed to deal with the aspect relating to the trade and commerce of this country which is as important to consider as the question of the receipt and expenditure. I am glad to be able to inform this honourable House that of late, prices of our commodities have risen. The value of export from the State during 1117 recorded an increase of Rs. 542 lakhs, from Rs. 996 lakhs in 1116 to Rs. 1,538 lakhs. The total value of imports into the State during 1117 recorded an increase of Rs. 42 lakhs, from Rs. 945 lakhs in 1116 to Rs. 987 lakhs. In the result, if you are to judge by what used to be called by mid-Victorian political economists "balance of trade," we have to-day Rs. 514 lakhs as the balance to our credit. In addition to this, as has been pointed out in the very suggestive speech of the Financial Secretary, there has been a considerable amount of income derived by the people of the country on account of the high prices of commercial crops and also on account of remittances by the soldiers to their families and also by the doughty Labour Corps of Travancore which is bringing us credit wherever it goes. Remittances have been made by the members of the Labour Corps to their families Now, all that is to the good. If you only look at the ostensible aspect of the matter, what is the actual result to-day? Every cooly, or a cooly woman—and I am speaking without any exaggeration—has perhaps Rs 15 to Rs. 25 or more to answer his or her requirements to-day in ready cash. But what can he or she do with that amount? Not even a *nazhi* of rice could be procured or clothes and other essential articles. It is just like what Coleridge's Ancient Mariner said—

"Water, water everywhere,
But not a drop to drink,"

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Of course some persons have earned large sums as vendors of commodities or as industrialists or as share pushers. This plethora of money has led to extremely deleterious consequences, speculation, selling of properties, purchase of properties at astronomical figures, etc. The starting of banks and commercial concerns and the opening of new enterprises are also taking place, because people do not know what to do with their money. They are willing to take a certain amount of risk. Such is the result. British India has been suffering very much as a result of this policy. No doubt there has been concurrently with this policy, the policy of increasing the paper currency. I am not here criticising or making any reflection upon the policy of the Central Government, but the net fact remains and it has to be admitted, namely, the increase of paper currency. There is admittedly the process of inflation. What has been done in this matter? It was in April 1943 that in a speech I delivered at Alleppey, I adverted to the necessity of facing the problem of over-capitalisation and the starting of new ventures. I am glad to say that the Government of India are now taking very very strong measures indeed to combat this inflation. Let me point out exactly what is being done. Under a new rule added to the Defence of India Rules, it is laid down that the Central Government, may, if it appears to it to be necessary or expedient for securing efficient prosecution of the war or for maintaining supplies and services essential to the life of the community, by a notified order (1) prohibit or restrict either generally or in respect of any specified class of persons or any specified class of transactions making advances on the security of such commodities (including bullion) as may be specified in the order, and (2) require repayment of any such advance outstanding on the date of the order within a specified period. Contravention of the order made under this rule shall be punishable with imprisonment for a term which may extend to five years or with fine or with both. This is in addition to stopping forward contracts in commodities like jute and cotton and in addition to the restriction on capital issues, to which I have already adverted. The Government of India have felt themselves forced practically to prevent what may be called circularisation of needless and useless capital. What is happening so often is that many men make a lot of money over war contracts. All wars have led to war profiteers; from the time of the Napoleonic wars up to the present day, there have been men who are able to forecast the prices and manipulate markets and accumulate money and who are able to wield influences in places which unsuspectingly yield to those influences. The result is that there is much more money than the people know what to do with. They pull down the value of commodities for purchasing large stocks; keep back the stocks; push up the prices; and then sell. They thus make more money, start a new company or a new bank. One man has sent out emissaries for the purchase of electrical goods, rice, ragi and all sorts of commodities from practically every shandy in South India. His agents are everywhere. He even purchases small quantities, such as ten measures from one

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place, twenty measures from another place and slowly accumulates stock; purchases at low rates, pushes up the rate and sells at high rates. At the same time, people do not know what to do. Let me give a crucial instance. In a particular province in India which produced 90 per cent. of its food supply, within three weeks of the harvest, the Government of the province had to appeal to the Government of India to the effect that they had no stocks at all and that unless stocks are brought into that province, there would be famine and danger to law and order. The Government of India did so. The result is that because of the action of the hoarders, there is no food stock in that province, and the Government of India had to send stocks. Incidentally, I may say that some of the rice which went to that province was intended to be supplied to Travancore. That province is producing and can produce about 92 per cent. of its annual requirements. Still they complain of the supineness of the central authority that they are being starved although they are doing war work of great value. We produce 40 per cent. of our needs and are deprived even of allotted quantities.

The Government of Madras have decided to launch an intense drive to see that as much as possible of the surplus money in urban and rural areas is invested in Defence Savings Certificates in order to help to meet the cost of war and to keep down the prices. Canvassers specially authorised by the Collector of each district will establish contact throughout the district and collect subscription for the purchase of such bonds and certificates. The Government of Madras hope that it would be possible by means of this drive to withdraw from circulation Rs. 10 crores of excess purchasing power in this province by 31st December 1943 and thus to make an appreciable contribution to the success of the Central Government's plans for stopping rise in prices. So far as Travancore is concerned we do not propose to adopt any such measures for the time being. But what we feel is that there is much more money in the country than was ever the case. That money should be used not for the purpose of pushing up prices but in order to be a standby for the future and some of that money has to be diverted to purposes that aid war effort and that are not anti-social.

Now, let us see exactly what was happening at the end of each war beginning from 1800, from the Napoleonic wars, down to the last war. As a result of war profiteering, as a result of accumulation of large fortunes, a period of distressful deflation inevitably follows. It is for the purpose of guarding against such a deflation that we must use all our powers. And who are the people who must build up those resources? Not the poor man who is able to save Rs. 10 or 15 now, but the man of fortune who has been blessed by Fate and who has the wherewithal to do so. We do not want to confiscate his money. We want to use that money. It is the policy of the Government in England, it is the policy of the Government of India and it is the policy of the United States to see that money is not in anti-social hands. Government are acting only as a trustee of the

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people. The surplus of 80 lakhs this year in our budget and the surplus of 50 lakhs next year and the surplus from the agricultural income tax—all these surpluses would be needed for the purpose of making two blades of grass grow where one grew previously.

The greatest need of this country is to see that it is less dependent upon outside sources for its food supply. That dependence can only be removed or minimised by making this country grow more and more food. There are physical limits in respect of "grow more food" campaign because of our restricted area and because of the need for utilising this area for other demands. Therefore science must come to our rescue. Intensive cultivation, making an analysis of each soil, harnessing all the powers of science, the use of manures and fertilisers, natural and chemical,—it is in that way that we can grow more food. Government would require huge sums for such work. I have been so much impressed by that need that I have—as a humble contribution—set apart Rs. 1,000 per mensem during my tenure of office for the purpose of research in chemical manures and soil analysis in Travancore. I hope that others will also follow that example so that we can put by a Research Fund of something like ten lakhs. In this manner we will be able to improve the soil of Travancore in order that the right kind of product can be grown and grown in much greater quantities. It is in that way that the future can be faced.

Now, I come back to the taxation proposals. It may be asked why it is that when we have a surplus of 80 lakhs, we are imposing fresh taxation. I might say that from the time I came here as Dewan up to the present moment, no fresh taxation on a big scale was attempted. This is the first taxation of any importance that has been attempted, and this produces only about fifteen lakhs. This has been done with two objects. In the first place, this Government holds very strongly that a man who cultivates an acre of paddy land stands in a very different position from the holders of large plantations and cultivators of what may be called money or commercial crops. I regard those who cultivate crops like Tea, Coffee, Cardamom and Rubber, as industrialists. They utilise the mechanism of industry. They are agricultural industrialists or industrial agriculturalists. I feel no particular reason why they should be standing in a different position from other earners of income and why they should be specially exempted from such taxation, especially since the land tax of Travancore bears very favourably with the land tax elsewhere. That is the first point.

But the second point is more important. This is an experiment for the purpose of finding out whether in the long run, a transition could not be made from the system of taxation on land as at present existing to a new system; in other words, it should be examined whether there should be a land tax at all or beyond a minimum or whether the land tax as such should not be very greatly curtailed so as to enure to the prosperity and contentment of the small holder, say, by imposing a progressive scale of taxation above

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a certain limit according to the net income. In order to lead to successful results it is necessary to see how this scheme works. I may add that not otherwise do I see any solution to the growing complication of the land tenures here. Another settlement, another survey, is a well nigh impossible proposition from the cost aspect. Even according to estimates made before the war, we may have to spend probably two crores of rupees on another survey and settlement. At the end of it the additional income that may result would be very little. After all, our land revenue is only about 40 lakhs out of a total of 3¾ crores. Another matter has to be borne in mind. Today the land tax is a burden on certain persons, is a flea-bite for certain other persons. The communities here have not realised the necessity of stopping the fragmentation and sub-division of holdings which make cultivation an un-economical proposition. In the process of re-devising the land tax, it is the hope of Government that there will be a consolidation of holdings and fragmentations will be penalised. How is that to be done? By exempting certain persons up to a point; by increasing the pitch of the tax if there is a partition below a certain point; so that in the course of the next five or ten or fifteen years we might get economical holdings brought into existence not by enacting specific laws but by the operation of co-operative enterprises working for common ends and working for consolidation of holdings. It is therefore after much consideration that this system of taxation has been introduced.

The only other source of taxation proposed in the budget is the increase in the Anchal rates. The Postal rates in British India have gone up nearly 100 per cent. We have also raised the Anchal rates but to a very small extent.

That is so far as the more general aspects of the problem of the budget are concerned. All this sinks into insignificance beside our food problem which is the central fact of our existence today. Honourable members might have seen quite recently that the Government of India have started what one newspaper inappropriately and unjustly calls India's "G" Men. An Ordinance issued on the 13th July provides for the constitution of a special police force to investigate certain offences committed in connection with departments of the Central Government with power to investigate such offences wherever committed in British India. The Ordinance lays down: "The Central Government may constitute a police force to be called the Special Police Establishment (War Department) to exercise throughout British India the powers and jurisdiction exercisable in a province by members of the police force of the province."

The idea is that there are people hoarding stocks and practising anti-social tricks, who are too big sometimes for the local police to deal with and whose activities are ramified throughout the country to such an extent that the local police are helpless against those persons. The idea of the Government of India is presumably to have a special C. I. D. force for the purpose of averting such offences and for bringing the offenders to book whatever local influence such people might possess

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That is a step in the right direction. My friend, the Resident, is aware that daily I am receiving letters either directly or through him from soldiers serving in various fronts stating that the members of their families are starving and that they could get only one third of the amount of food necessary to keep their body and soul together. Albeit they are people who are serving the country. I have had to tell them in their own interests and for their own sake that if in a village or community there are two people, one man getting two measures of grain and the other man one measure, such a distribution is likely to lead to complications and perhaps to assault and food riots. The position is a very serious one. The position was so very serious that when I met the members of the Food Conference recently at Delhi I circulated a memorandum explaining the seriousness of our affairs. I shall read only an extract from that memorandum.

> "The total estimated area under paddy cultivation is 639,169 acres. Of this 130,000 acres are submerged lands, a portion of which is pumped out for cultivation every year. Of this, about 50,000 acres are normally left uncultivated. Thus the total area normally cultivated is 589,169 acres. At the rate of about 1,000 lbs. of clean rice per acre and deducting 5 per cent. for seeds or 10 per cent. of the total yield of paddy, the net total production of rice in Travancore is estimated at 249,850 tons. The population in the State is estimated at 6,186,000. At the rate of 275 lbs. of rice per year for an adult and treating one-fourth of that quantity for a non-adult and treating one-fourth of the population as non-adults, the total quantity required for consumption is estimated at 617,362 tons. The net deficit for the State is, therefore, 385,362 tons, the major portion of which was being imported from overseas."

They were imported mainly from Burma, and as a result of our lamentations and our demands some time ago, certain tentative promises were made. Under the basic plan of the Government of India, Cochin and Travancore are allotted a quota of 102,700 tons of rice to be obtained from Central Provinces, Sind, Orissa, the Punjab, Baluchistan, Eastern States and Kashmir during the months of May, June and July and 63,000 tons during the subsequent months. The share of Travancore out of the allotments comes to 82,160 tons during May, June and July. Out of this what we got is not even one-third and we have been told by certain Provinces and individuals that we are grabbers, that we want to over-feed our people, that we are preventing Sind from getting as high a price as they would like to get, that we are preventing Bengal where there is the possibility of the Japanese invasion from getting its due share. I do not wish to embark on the region of controversy, but I endeavoured to point out that not from last year, not from six months ago, but from one week after the declaration of the war, we started control, we started fixing the maximum prices, we

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started preventing exports, and we started the "grow more food campaign". A resume of all the efforts that we made, which was presented at the Delhi Conference, will also be placed on the table of the Houses of the Legislature. But notwithstanding all our efforts we are labouring under this continuous and chronic deficiency. The Government of India,—all honour to them,—have been fully cognisant of our difficulties. His Excellency the Viceroy has been most sympathetic and helpful and our old friend Major General Wood has done all he could. In this connection, I must not omit to pay a tribute to Mr. Dixon, the Dewan of Cochin, who has not only represented Travancore on more than one occasion at these conferences but has fought for Travancore as well as any Travancorean would have done. Thanks to his efforts and thanks also to the efforts of Colonel Murphy and the present Resident who have fully acquainted themselves with the complexity and the difficulty of the food situation and who have resolved to help us to the utmost possible extent, we have been pushing our case. The justice of our case is admitted but the relief is slow in coming. God grant that it may be possible to extend speedy relief to us by taking stringent and strenuous measures and by the weeding out of the wholesaler. Here I shall pause for a moment and elaborate my position. So long as the Central Government—and this state of things is a commentary on all Pakistan schemes—is not determined to be strong and to function as a really Central Government and so long as they do not exercise their control over every grain of rice and wheat in this country, so long as they do not eliminate the hoarder and the profiteer, and so long as they do not eliminate, to the largest extent possible, the wholesaler as apart from the retail dealer, this question will remain unsolved. I am glad to say that the main features of such a programme are being fully considered by the Central Government who are fully alive to the urgency and the difficulty of the problem and are doing the best they can. Without their co-operation and without their strong measures we shall have no recourse other than to starve. But look at our position. On account of the difficulties of Provincial Autonomy, on account of various other reasons which it is not within my province to go into just now, we are getting 750 tons of rice from Kashmir 750 tons of rice travelling painfully and laboriously through the United Provinces, the Central Provinces, Bombay, Hyderabad and Madras and reaching Trivandrum in a circuitous way. One would have thought that an alternative solution was possible, that Kashmir may have book adjustments with the United Provinces, that the United Provinces may have current account with the Central Provinces, that the Central Provinces may co-operate with Madras and that Madras may co-operate with Travancore. These are matters of very high policy into which I shall not enter at present.

Two days ago we had the advantage of the visit of Mr. Kerby, an expert who was in charge of the rationing of food in London during most difficult days. England produced only a fraction of her food requirements before the war. It was thought by Germany that England

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could be starved into submission by cutting short her food supplies. But England concentrated her attention on food production and by 1943 she produced three-fourths of her food supplies. One of the men who were responsible for carrying out that plan into execution and helping the production and supply to the people of a city like London was Mr. Kerby. He visited Trivandrum day before yesterday. He was taken to every place where rationing was in existence and to places where rationing was carried on to a limited extent and to places where there was no rationing. He has gone away a converted man ; at all events I have reason to think so. Let us hope that the experiences gained by his visit will be imported into the discussions that are now taking place in Delhi and that a welcome result may be forthcoming We have, it may be remembered, in order to conserve and augment all sources of food supply, placed restrictions on the export of tender cocoanuts, fish, manure, cattle, straw, poultry, firewood and charcoal. We have also tried to raise second crops on paddy lands. We have taken over for dewatering 7,200 acres of Punja lands for paddy cultivation. Let us hope that we shall be successful in such efforts.

I now turn to the next item, namely, cocoanut and coir products which form one of the biggest sources of our income. The "Hindu" and certain other newspapers announced some weeks ago the formation of a Cocoanut Board and there was no specific reference to Travancore which grows more cocoanut than any other unit in India. But through the courtesy of the Resident I am in a position to announce to-day that the Cocoanut Board has not yet been constituted and that the press report was premature and unauthorised. It is understood that no final decision will be taken without consulting this Government. Mr. Dixon and myself attended a conference with regard to coir products when we were at Delhi. With regard to coir, we have a redoubtable rival to deal with, namely, the jute of Bengal. A huge quantity of Hessians has been ordered by the United States of America from Bengal. Jute companies have declared tremendous dividends. They still feel that they should compete with the coir products of Travancore. The question arises as to whether we could not do something to protect our industry. I hope that as a result of this conference, the two States most concerned in this matter—Travancore and Cochin—can evolve a scheme in unison with the Government of India by which the grading of coir products, legislation in order to keep up the quality of coir products, the handling of the products, and the production and distribution of coir for the purpose of war contracts, may be regularised so that both the States may be benefited.

I have summoned a conference of Travancore interests on the subject in the course of a few days. I hope it will be possible for coir being utilised as much as possible for the purposes of the war. Till now the Travancore Coir Mats and Matting Manufacturing Association was mainly responsible for the supply of coir materials, but Government are quite willing to undertake the responsibility

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themselves to make the supplies through accredited agencies including the above association, provided sufficient orders were placed at the right moment and at reasonable prices and I trust that this scheme will result in full co-operation between this Government and the producers and the Coir Association and also between Travancore and the Purchasing Agency of the Central Government.

The next point that deserves mention is the clothing of the people. It may be remembered that perhaps to an extent unique in India the hand-loom industry plays a very important part in Travancore. Our idea is that that industry should not be curtailed or destroyed and for that purpose, whilst falling in line with the Government of India's general scheme, a very well-advised scheme, though it has been subjected to a certain amount of delay on account of the working of the red-tape, we have insisted that at least 50 per cent. of the yarn necessary to provide cloth for all of us may be supplied in the form of yarn and not in the form of manufactured products, so that that yarn may be woven into cloth locally and so as to be suitable to the people of the country, because the Standard Cloth supplied by the Government of India is not in all cases suited to the Kerala wearer.

The other problem is that of transport. The Financial Secretary has stated the main facts with regard to the general extension and scope of the present scheme. The main difficulty in the transport scheme is the unavailability of spare parts and the chassis. We have tried to get some chassis from British India. We hope to get some, but these difficulties we shall have to face for sometime more.

I have disposed of what may be called the static portion of the budget. I am now coming to what may be called the dynamic portion of the budget. We depend entirely upon electricity, the exploitation of electricity for the growth of the industries. If, in a restricted, narrow country like Travancore, we have to play our part in the body-politic of India as a whole, we shall have to industrialise or perish, as I have stated on more than one occasion. The Soviets were confronted with a very similar problem, a large population, living precariously a hand-to-mouth existence, half-starved, ignorant and uneducated. They have now the largest army in the world; they have eradicated illiteracy; they have organised their science; they have made notable discoveries and progress in so many different directions that the pace of national progress in Soviet Russia from 1917 to 1943 is unparallelled in the history of the world. How have they done it? I am not going into their dialectical philosophy. I am not going into the doctrine of communism with which I have so little sympathy, but it may be useful to remember that in 1918 Lenin wrote to the Academy of Sciences, which he founded, asking them, for the purposes of national prosperity, to pay "especial attention to the electrification of industry and transport and to the

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employment of electricity in agriculture." And he said in words which should ever be remembered "We have to start scientific institutions and research centres but these institutes need not be built until the men to run them have been trained." The men came before brick and mortar. That was the lesson and the warning he conveyed. I would invite honourable members who wish to know more on the subject of national development according to the well-thought-out Soviet plan, to read the report of the lecture delivered on 11th June before the Royal Society of Arts in London by Mr. Crowther with Sir Stafford Cripps in the Chair, where it is stated that the industrial and agricultural progress of the Soviet was based mainly on the wide use of electricity. Keeping such ideals before our minds' eye, the Travancore Government came to the conclusion that one of the main things that should be done is to spread electricity far and wide, the idea being to make each village a place fit to live in, so that each village might have its electric light, its radio set, and through the exercise of cheap power, might develop cottage industries according to the regional requirements. That is why it has been the desire of this Government to extend the Pallivasal scheme Quite recently, in order that we might not be handicapped by the difficulty in getting material, we are negotiating an agreement,—it is still provisional, and has to be ratified by our sister Government of Madras,—for borrowing 3,000 KW from the Papanasam Hydro Electric Works. We propose to use this for the purpose of supplementing the power to the Aluminium Factory at Alwaye which is going to be one of the major industries of India, like the steel industry of Tata's. I make bold to say that this factory will be one of the prized possessions of India. We will also utilise a part of this power to supply to our neighbouring State of Cochin and to start essential industries vital to the national life of this country.

We have been making or have made arrangements to start the Glass Factory at Alwaye, and the Plywood Factory at Punalur. The Cement Factory is proposed to be started very soon. Agreements have been entered into for that purpose with the All-India Cement Company. This will be implemented immediately the war is over. Chemical works for the manufacture of sulphuric acid, acetic acid, etc., will soon be started. A large proportion of the capital will be available to the people of Travancore. A factory for the manufacture of electrical machinery and appliances to meet agricultural and industrial requirements has also been negotiated for and I expect that in the course of three or four months, such a factory will be started. More than one bone-meal factory have been started. A textile factory for producing yarn has also been started on a large scale so that we need not be dependent upon outside sources for our supply of yarn. Another factory for the manufacture of caustic soda and bleaching powder and for chlorate of potash is also to be started very soon at Kundara. Spinning is proposed to be introduced as a subject of study in various schools. Side by side with these, our telephone extension is also proceeding apace.

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[President.]

Government is pledged to a policy of encouragement of hand-made paper. I have been crying,—and up to this moment my cries have been in vain,—for co-operative enterprise for the purpose of collecting necessary materials and for organising effort for starting the manufacture of hand-made paper. I have made a promise and I still hold to the promise that if such an enterprise is started, Government will not hesitate to spend large sums for its development. I hope the honourable members on returning to their constituencies will try to get us the co-operation of the public in the matter.

Working in consonance with the Government of India and with the aid of a Board of which I happen to be the Chairman, the rubber production in the State is being gradually increased. The necessity of conserving rubber is a matter on which I need not dwell at length, but we must bear in mind that all steps for the greatest production of rubber should be taken.

A great proportion of the products of the Ceramic Factory has been sent to the Government of India. A great deal has to be done yet. The demands on China clay are so great that Government have taken a substantial amount of interest in opening a second China clay factory. We are also contemplating the extension of cane sugar plantations to augment the supply of sugar.

Quite recently America forbade the import of cashewnut, and this has made the cashewnut position precarious. This was an industry in which large numbers of men and women in Travancore were interested. Certain representations were made and in addition to representing matters through the Resident, I told Mr. Phillips, the United States representative, while he was in Travancore and also in Delhi, about the position in regard to cashewnut. He succeeded in doing something but not as much as was expected. But another factor has supervened. Till now the cashewnut was required only as an edible item of food. At present its shell is required for its valuable oil and the cashewnut oil which abounds in Travancore seems to be also useful for the manufacture of plastics. Experiments in this direction have been very successful.

For post-war reconstruction, the re-organisation of the backwater and canal traffic and the coastal transport is of the utmost importance. Steps are being taken to explore the possibilities of Leepuram. Leepuram has vast possibilities as a harbour with very little of extra expenditure, and therefore that project will be pushed ahead. Improved facilities will be provided for in Quilon and Alleppey but above all things, we want sailing vessels and large-sized steam vessels for the purpose of dealing with the problem of post-war reconstruction and of coastal and sea navigation. For that purpose, we have entered into negotiations with one of the most influential companies in India, who will presently start operations here with the support of the Government of Travancore. The Government of Travancore have already purchased a few schooners, are constructing a few more and will not hesitate to spend as much as is necessary for the purpose.

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Now in regard to the Forests. We have been supplying timber to the Government of India. We have supplied in 1118 three lakhs c. ft. of teak and eight lakhs c. ft. of jungle wood apart from the large quantities supplied in 1117. The estimated income from Forests is in fact in the neighbourhood of Rs. 30 lakhs. We have also decided to de-forest Forest lands for food production on the basis of short-term leases. 30,000 acres have been set free of which nearly 6,000 have already been leased out.

This finishes what we may call the dynamic portion of the budget. But neither the static nor the dynamic side of our programme can come to fruition without a very wide extension of national education. Government are spending this year 59 lakhs of Rupees on education. But the education that we get should be of the right type. As I have recently made it clear, with the low-paid teachers that we have, leading a hand-to-mouth existence and being under the mercy of the manager, the children cannot expect to get the right type of character-building education from them. If the teacher has to exercise influence, he must have self-respect and must be able to stand before the pupil or the parent of the pupil, without being ashamed of himself. Otherwise, of what moral advantage will that system of education be? Therefore, the whole system of education has to be re-modelled, if necessary, by drastically cutting down the number of schools. That re-organisation is on the *tapis* and a committee has been appointed for the purpose. That is in the lower sphere.

In the higher sphere, we cannot compete with the rest of the world on anything like equal terms unless scientific research is widely spread. The University has taken up research on salt, cocoanut husk, oil, fuels, charcoal, production of *agar—agar*, researches in paddy and tapioca and monazite. I lay special importance to the work on monazite. The exploitation or at least the preliminary processes in respect of our minerals must take place in the State. This sand is being exported from here to America and returns back in the form of titanium oxide and other products. Monazite also gives phosphatic acid which is necessary for the production of fertilizers. That is one of the other matters engaging the attention of Government.

Even with research at the top, with good education at the bottom, if our backward communities are where they are, we shall be like a human body with gangrene of the feet. Therefore the uplift of the backward communities by such means as scholarships, purchase of books and other forms of uplift, the erection of common buildings, wells, acquisition of burial grounds, opening of new hostels for students, supply of text-books and grant of full and half fee concessions and reduced rate of tuition fees in Malayalam and Tamil Schools, has been taken up by Government.

Allied to the problem of backward communities is the problem of labour. Labour to-day is, comparatively speaking, without leaders. If there are leaders, they are using labour for political ends. In order

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[President.]

to recognise the importance and the ultimate common ties between capital and labour, we have done what we can. We have passed the Payment of Wages Act, the Maternity Benefit Act and the Trade Disputes Act. An Industrial Relations Committee has been sponsored in Alleppey and we hope it will turn out good work. All this has been done in a spirit of co-operation.

Our co-operative societies are still very imperfect, inchoate and badly organised. Unless Herculean labours are put forward, I do not see any future for co-operative societies but without their growth progress in every direction will be hampered.

Finally, let me reiterate the problem of inflation. A warning was given against inflation in the Reserve Bank's Annual Report. It pointed out that the upward movement of prices has gathered great momentum. The currency in circulation has grown in volume. The price of silver has gone up after having been neglected for many years. Silver is, fortunately or unfortunately, being less and less used as coin. It is used as a substitute for other metals like copper, lead, zinc, etc., in war industries. The soaring of gold and silver prices does not really affect the peasant and the worker as the men who are buying gold and silver are not of the lower order but hoarders. Although agriculturists have been realising higher prices, they have also to pay higher prices for the things that they need. It is only the bigger land-holders that have been benefited in addition to the war profiteers. The recent plan of Lord Keynes and the U. S. A. experts had the effect of enhancing the price of gold and led to hoarding. Not long ago President Roosevelt stated that economic policy is not an end in itself but a means to achieve social ends and for that purpose all measures have to be resorted to. Therefore our economic changes should be such as to bring about an improvement in social conditions and secure a better social order. During the last one hundred years industrial development has proceeded apace and notwithstanding serious economic crises there has been, though less in the case of India, a rise in the general standard of living; but Government intervention in economic life has been on a limited scale. This attitude was not interrupted during the last war, but, at present, the feeling is predominant that the Government has to play a guiding or a directing role, in the language of the Beveridge Report. I am quoting a few sentences from that epoch-making document so that we may ponder over them and derive the necessary lessons. "The economics of war and war preparation are deceptive models for peace times. Peace-time economy must aim at development of production consistently with social security. Industry in modern times is confined to mass production. Those industries which are not mass producers can improve only if the mass producing industry is prosperous." It is for the purpose of seeing these developments brought into force that the Beveridge Report was written. Indeed thinkers all over the world are

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concentrating on what is commonly called the trade cycle. In other words, inflation will be followed by deflation. Unless money is sufficiently set apart for periods of deflation, the result will be calamitous. A balance has to be struck between the policy of discouraging capital investment during periods of boom and of keeping alive technical invention. One of the methods suggested in the Beveridge Report is to split the budget into two parts, one containing the Standing Expenditure and the other Capital and Emergency Expenditure. It is now recognised that speculation, both professional and non-professional, plays an important part in the development of booms and depressions and has to be checked at all costs.

These are the main ideas which are now functioning throughout the world and germinating new ideas. We shall be well-advised,—though we are a small country with limited resources—if we deal with our financial and taxation problems as a part of the larger problem of world economics and deal with the question of inflation and deflation in consonance with enlightened world policies.

Let me conclude and thank you for permitting me to take some of your time to elaborate some important points. I hope that I have brought home to my fellow members the seriousness of our agricultural position and the seriousness of our food position, the problem of monetary suspluses and of the utilisation of our surplus in the right direction—a utilisation which will first concentrate on the "grow more food" campaign and then proceed to industrialisation, and after industrialisation deal with the problem of labour and of the backward communities, and finally educate the people in every direction so that they may take their proper place in that great unity, in that great new world order, in which India can, should and will inevitably play a leading part. (*Loud cheers.*)

The Joint sitting terminated at 1·55 p. m.

B. PARAMU,
Secretary to the SriMulam Assembly.

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